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By AKAMATSU, Noriyuki  
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Chapter XXII Indemnity Payment for the "Panay" Incident.  
(From page 141 line 8 to page 143, line 6.)

Regarding the "Panay" Incident, which occurred on December  
of  
12th, 1937, at the time of the occupation <sup>of</sup> Nanking our expression  
of apology was immediately sent out. The Americans also, not  
wishing to have any unfavorable effects inflicted upon the diplomatic  
relations between both countries on account of such an incident  
affair, quickly responded to settle the matter. And on the 26th  
of  
the same month, they replied to the effect that <sup>they</sup> will accept our  
apology. However, while this incident itself was quickly settled  
the payment of the indemnity still remained unsettled.

On March 21st of this year (T.N. 1938), the U.S. demanded an  
indemnity amounting to over \$ 2,211,000.

A statement was also added that this sum only covered the actual amount of property damaged and a reasonable estimate for those killed and wounded; also that it did not include any payment for exemplary damages. But since there were no details attached we requested the forwarding of such a statement.

On April 9th, they complied with our request, and thereupon, on the 29th, of April, we made full payment to the amount demanded. Thus, the incident was completely settled.

The fact that the U.S. Government failed to attach a detailed account in its first demand did not seem to bear any significance

whatever and as a result it caused the American press circles to mock the easy-going attitude of the U.S. Government, merely bringing about an amusing topic of conversation.

With regards to the settlement of this case, our Foreign Office issued the following statement on April 22nd.

"In connection with the sinking of the U.S. Gunboat "Panay" by our naval aircrafts, negotiations and correspondence have been carried out with the U.S. Government since the end of last year, and leaving the question of the above indemnity to a later date, the case was settled. However with regards to the matter of indemnity, it stated in the official document from the American Embassy at Tokyo dated March 21st, that (1) property damage amounted to \$ 1,945,670.01 and (2) casualty compensations amounted to \$ 268,337.35 totaling \$ 2,214,007.36 (T.N. sic).

Thereupon, our Foreign Office conferred on the matter with each respective department concerned, but due to our accounting procedure, we decided to request a detailed account of the indemnity and this was forwarded to the American Embassy at Tokyo. On the 9th of April, the American Embassy sent over a statement containing the following particulars. Therefore, our Government, completed necessary procedures, and on April 22, at 5 p.m. at our Foreign Office, a check for the aforesaid amount in full in favour of the Secretary of State, Mr. Hull was handed over to Mr. Dollman (T.N.) Councillor of the American Embassy by Mr. Yoshizawa, Chief of the American Bureau of our Foreign Office. Thus the whole matter was peacefully settled.

Detailed Statement of Damages, in the "Panay" Incident.  
(Calculated in U.S. dollars)

1. Damage to Properties (Navy Dept)

Damage to Panay -----	\$ 455,727.87
Damage to Equipment & Munitions -----	97,766.48
Personal Properties of Crews -----	<u>40,263.00</u>
	total \$ 593,757.35

2. Damage to Properties (Postal Dept)

Postage stamps & supplies -----	\$ 74.27
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3. Damage to Properties (State Dept)

Personal Properties of the Embassy Staff -----	\$ 6,400.80
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4. Damage to Properties (Standard Vacuum Oil Co.)

Sinking of 3 ships of approximately 1,000 tons each, and 2 small ships, and damage to 2 other ships. total \$ 1,287,942.00	
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5. Personal properties of 15 Americans, other than the personnel  
of the U.S. Navy, U.S. Embassy and of the Standard Vacuum  
and oil Co.) ----- \$ 57,495.59

Total amount of property damaged	\$ 1,945,600.01
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6. (Amount of Indemnity for Casualties)

Indemnity for 2 members of the "Panay" crews and the captain of the "Meiping", totaling 3 killed, and 74 crews members of the "Panay" and other ships wounded. Total \$ 268,337.35	
Grand total	\$ 2,214,007.36

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C E R T I F I C A T E

Dec. 3, 1946

I, hereby state that I am the Chairman of the Board of Directors of the United Nations Study Association Inc. (Kokusai Rengo Kenkyu Kai).

This Association was formally called the International Association of Japan. (NIPPON KOKUSAI KYOKAI) and it is certain that the book entitled "International Affairs of 1938," written in Japanese, consisting of 662 pages, was published by the above Organization, The International Association of Japan, the Manuscripts of which were gathered by the Association from various authors.

Horinouchi Kensuke (seal)  
Chairman of the Board of  
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It is certified that the above document was signed and sealed in my presence.

Masatoshi  
Witness: MATSUSHITA  
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Suginami-ku, Tokyo.

TRANSLATION CERTIFICATE

I, William E. Clarke, of the Defense Language Branch hereby certify that the foregoing translation described in the above certificate is, to the best of my knowledge and belief, a correct translation and is as near as possible to the meaning of the original document.

/s/ William E. Clarke

Tokyo, Japan

Date 20 January 1947